

ORIGINAL

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2111

FAX: (202) 393-5760

(202) 371-7000

FIRM/AFFILIATE OFFICES

BOSTON
CHICAGO
HOUSTON
LOS ANGELES
NEWARK
NEW YORK
SAN FRANCISCO
WILMINGTON
BEIJING
BRUSSELS
FRANKFURT
HONG KONG
LONDON
MOSCOW
PARIS
PRAGUE
SINGAPORE
SYDNEY
TOKYO
TORONTO

August 13, 1997

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: General Wireless, Inc.
Docket No. ET 97-82
Notice of Ex Parte Presentation

Dear Mr. Caton:

Pursuant to Section 1.1206(a)(2) of the Commission's rules, General Wireless, Inc. ("GWI") hereby submits this Notice of Ex Parte Presentation.

On August 12, 1997, representatives of GWI including Roger Linquist, its CEO, Dennis Spickler, its CFO, and John Lister and Al Loverde, each a vice president, spoke telephonically with Jon Garcia of the Office of Plans and Policy regarding options for C block PCS debt restructuring in the above-referenced proceeding. The parties discussed the concept of a voluntary bankruptcy that would facilitate the transfer of GWI's licenses back to the Commission and wind up any other debts between the licensees and the government. GWI relayed its concern that such a bankruptcy would harm its capability to raise additional funds for a re-auction and its ability to raise additional capital post-auction (particularly in public markets).

In addition, the parties discussed the merits of a cash auction. GWI supported a cash auction with all funds deposited upfront prior to the start of a re-auction. GWI stated its belief that this would best promote responsible bidding by all participating bidders. GWI also reiterated its position (explained

No. of Copies rec'd
List ABCDE

021

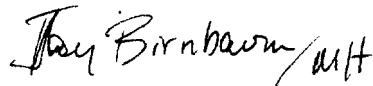
Mr. William F. Caton
August 13, 1997
Page 2

in earlier presentations) for treating its prior downpayment as a "store credit" from which the re-auction bids could be paid.

On August 13, 1997, the above-referenced representatives of GWI discussed the enclosed submission with Mr. Garcia and provided Mr. Garcia with a copy thereof.

A copy of this Notice of Ex Parte Presentation has been provided to the above-referenced Commission representative, as required by Section 1.1206(b)(2) of the Commission's rules. An original and one copy has been submitted to the Secretary's office.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jay Birnbaum" followed by a stylized flourish or initials.

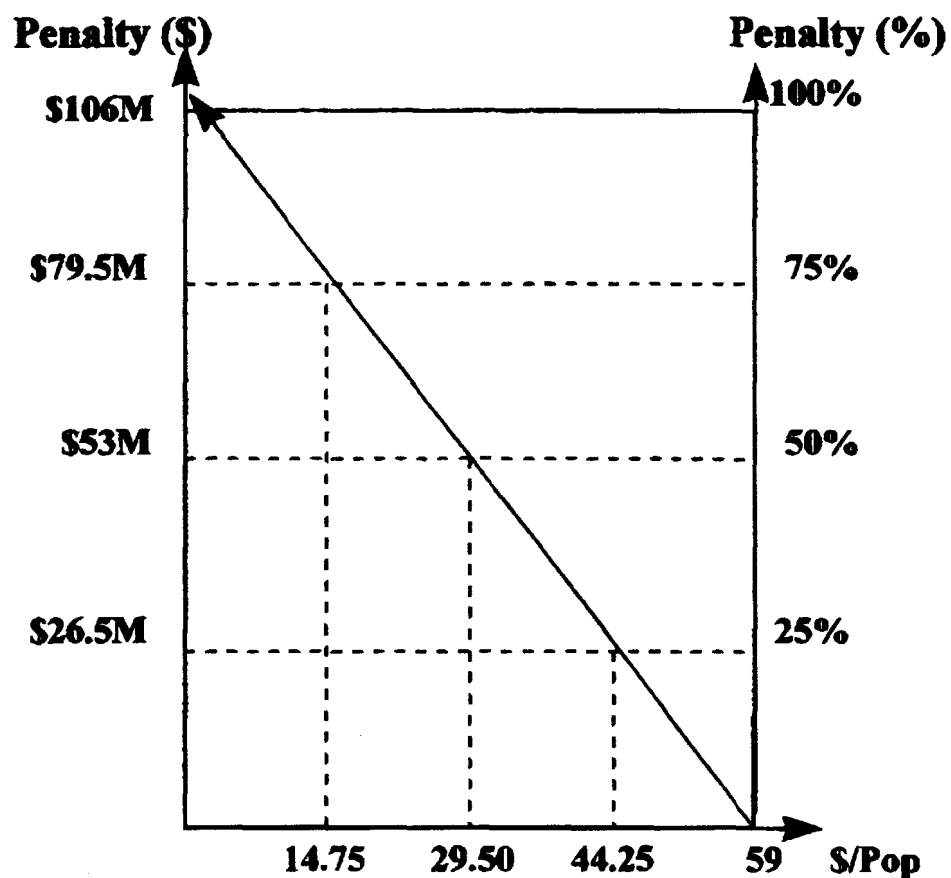
Jay L. Birnbaum
Counsel for General Wireless, Inc.

Enclosure

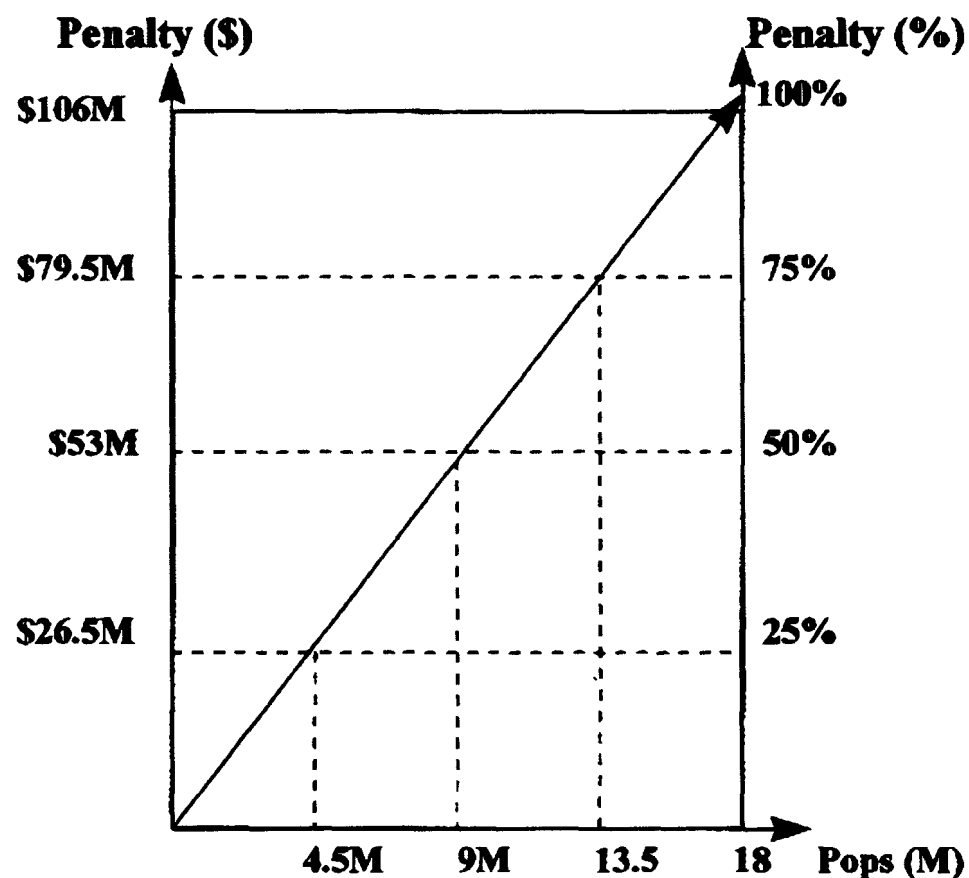
cc: Jon Garcia (w/encl.)

Penalty Proposals

Option A



Option B



Option "A" is Not Workable and There are no Incremental Penalty Dollars

<u>Deposit \$</u>	<u>Penalty</u>	<u>Bid \$</u>	<u>Bid \$/Pop</u>	<i>Cost to</i> <u>GW</u> <u>\$/Pop</u>	<i>Pops</i> <u>Won</u>
\$106M	\$106.0M	0	—	—	0
\$106M	\$ 79.5M	\$ 26.5M	\$14.75	\$59	1.8M
\$106M	\$ 53.0M	\$ 53.0M	\$29.50	\$59	1.8M
\$106M	\$ 26.5M	\$ 79.5M	\$44.25	\$59	1.8M
\$106M	0	\$106.0M	\$59.00	\$59	1.8M

***1.8 Million Pops at \$59/Pop
is Not a Viable Business!***

Option "B" is Workable and Provides the FCC with Incremental Penalty Dollars

<i><u>Deposit \$</u></i>	<i><u>Incremental Deferred Penalty</u></i>	<i><u>Bid \$</u></i>	<i><u>Bid \$/Pop</u></i>	<i><u>Cost to GWI \$/PoP</u></i>	<i><u>Pops Won</u></i>
\$106M	0	0	—	—	0
\$106M	\$ 26.5M	\$106M	\$23.56	\$29.44	4.5M
\$106M	\$ 53.0M	\$106M	\$11.78	\$17.67	9.0M
\$106M	\$ 79.5M	\$106M	\$ 7.85	\$13.74	13.5M
\$106M	\$106.0M	\$106M	\$ 5.89	\$11.78	18.0M

Up to \$106M in Deferred Penalty Dollars

Positives of Offering Multiple Options to DEs

- ☐ Different solutions will fit the needs of different DEs:
 - Avoids the “one size fits all” dilemma
 - Addresses specific problems of small versus large DEs
- ☐ Litigation and bankruptcy potential reduced versus single solution
- ☐ Different solutions better meet the needs of interested parties

Revenue Sharing Alternative

- ☐ FCC receives 10% of net recurring revenue until all interest and principal repaid
- ☐ DEs may prepay all or a portion without penalty
- ☐ Funding event required within one year that finances system construction of at least 50 percent of the pops or the licenses are revoked
- ☐ DEs must build out 50% of pops in 3 years.
- ☐ Seal bid auction to allow any present or former C-Block DE to bid on all the licenses in any regional cluster held by licensee (i.e., all BTAs within an MTA)

Positives of the Revenue Sharing Option

- ☐ Solves the “start up” capital/valuation problem for DEs
- ☐ FCC collects the full amount
- ☐ FCC avoids complicated bankruptcy and litigation from DEs who opt for this alternative
- ☐ Fastest time to market for DEs - rulemaking only
- ☐ DEs will have the incentive to repay government debt earlier because it will increase their earnings
- ☐ Non-participating DEs could opt for this without an appreciable change in payments to government versus current debt
- ☐ Puts DEs on same footing as Omnipoint and Cook Inlet/Western Wireless who had IPO money before auction
- ☐ Simpler than equity, but captures upside relative to a re-auction